

Approved as Written: October 16, 2002

**CITY OF MORGAN HILL  
JOINT SPECIAL AND REGULAR REDEVELOPMENT AGENCY AND  
SPECIAL CITY COUNCIL MEETING  
MINUTES - SEPTEMBER 25, 2002**

**CALL TO ORDER**

Chairman/Mayor Kennedy called the special meeting to order at 6:30 p.m.

**ROLL CALL ATTENDANCE**

Present: Agency/Council Members Carr, Chang, Sellers, Tate, and Chairman/Mayor Kennedy

**DECLARATION OF POSTING OF AGENDA**

Agency Secretary/City Clerk Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

***Redevelopment Agency/City Council Action***

**CLOSED SESSIONS:**

**CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**

Significant Exposure/Initiation of Litigation

Authority: Government Code Sections 54956.9(b) & (c)

Number of Potential Cases: 2

**2.**

**CONFERENCE WITH LEGAL COUNSEL - POTENTIAL AND EXISTING LITIGATION:**

**CONFERENCE WITH REAL PROPERTY NEGOTIATORS**

Legal Authority: Government Code 54956.8 & 54956.9(a) & (c) (1 potential case)

Real Property(ies) involved: APN 728-31-007 & 008; 25.50 acres located on the southwesterly side of Cochrane Road (St. Louise Hospital property)

City Negotiators: Agency Members; Executive Director; Agency Counsel; F. Gale Conner, special counsel; Rutan & Tucker, special counsel

Case Name: San Jose Christian College v. City of Morgan Hill

Case Numbers: Ninth Circuit Court of Appeal No. 02-15693

Closed Session Topic: Potential Existing Litigation/Real Estate Negotiations

**3.**

**CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**

Authority: Government Code section 54956.9

Case Name: Ameron International Corporation v. City of Morgan Hill et al.

Case Number: Santa Clara County Superior Court; Case No. CV 772368

Attendees: City Council, City Manager, Public Works Director, City Attorney, Special Counsel Mark Strombotne

**OPPORTUNITY FOR PUBLIC COMMENT**

Chairman/Mayor Kennedy opened the Closed Session items to public comment. No comments were offered.

### **ADJOURN TO CLOSED SESSION**

Chairman/Mayor Kennedy adjourned the meeting to closed session at 6:31 p.m.

### **RECONVENE**

Chairman/Mayor Kennedy reconvened the meeting at 7:08 p.m.

### **CLOSED SESSION ANNOUNCEMENT**

Agency Counsel/City Attorney Leichter announced that there were no reportable actions taken in closed sessions.

### **SILENT INVOCATION**

Chairman/Mayor Kennedy requested that everyone keep in their thoughts and prayers the fire fighters and families being affected by the fire that is occurring in the Croy Canyon area.

### **PLEDGE OF ALLEGIANCE**

At the invitation of Chairman/Mayor Kennedy, Chance Minnich led the Pledge of Allegiance.

### **PROCLAMATION**

Mayor Kennedy presented a proclamation to Mr. Wes Rolley declaring Wednesday, October 4, 2002, as *Arts Day in California*. Mr. Rolley invited individuals attending the Taste of Morgan Hill to stop by the City booth to view the art programs that will be taking place at the new Community & Cultural Center. Also, that everyone takes the opportunity to visit an artist or visit one of the galleries in town.

### **COMMENDATIONS**

Mayor Kennedy presented Certificates of Commendation to Chris Bertaccini, Juan Longoria, and James Holder for responding to cries of help from a female who was being repeatedly stabbed. Their quick actions and courage were instrumental in saving the life of the victim and in detaining the assailant until the police arrived. He expressed the Council's sincere appreciation for their assistance and intervention.

Chief Galvin stated that these gentlemen not only assisted the Police department but restrained the

assailant and held him until he was taken into custody.

## **OTHER REPORTS**

City Treasurer Mike Roorda presented the Finance and Audit Committee Report to the City Council. He addressed two major topics: 1) how the City finished the fiscal year and its successes, and 2) the bond refinancing the City has been involved with that was approved by the City Council in December 2001. He said that the City has had a break-even year in terms of revenues/expenses. He focused on the General Fund, indicating that half way through Fiscal Year 2001-02, there was a slow start to the revenue stream and the Transient Occupancy Tax (TOT) and that it did not appear that they would reach the planned levels. The Council took action, working with City staff, to come up with a plan to reduce expenses across the City by 5% with the objective of not impacting City services. He noted that the City came in at 93% of the budget due to staff's efforts. In terms of revenue, the City prides itself for having a diverse source of external funds and does not focus only on property, sales or vehicle taxes. Even though the City had some short falls in the hotel TOT and drop in sales tax, the City had some positive results in terms of property tax, some a one time benefit and some ongoing. There were also positive results in the vehicle tax. Overall, the City met the original objectives in terms of revenues. He said that there is a surplus that may be short \$559,000 for reasons to be explained by finance staff at a future date. He said that the City had a break-even fiscal year, a success given how the year began. It was his belief that this was a testament to staff's reaction to the tough economic climate.

Mr. Roorda addressed the bond refinancing for the South County Regional Wastewater Authority Bonds. He stated that the City is close to completion of the sewer bond refinancing and that the City has the final numbers. He said that the City was able to take its average interest rates on the issue down from 5.5% to approximately 3.8%. In terms of dollars, he said that there is a significant savings. The overall reduction in terms of dollars equates to approximately \$2.3 million ( interest payments). He indicated that the City was able to reduce its interest payments annually by approximately \$110,000 going out to the year 2022.

Mayor Kennedy noted that staff was able to achieve an overall expenditure reduction by 7%. He commended the City Manager and staff for achieving these savings.

## **PUBLIC COMMENT**

Executive Director/City Manager Tewes acknowledged the attendance of Girl Scout Troop 711 who were present to attain their civic badge, including the daughters of many prominent city employees. He advised the City Council/Agency Board and the community regarding the fire west of town. He said that as of the 6:00 p.m. briefing, the Santa Clara County Sheriff's office has proclaimed Santa Clara County a local emergency. This action will allow victims of the fire to take advantage of various federal and state programs. He said that the fire has consumed approximately 2,500 acres and continues to burn in a southerly and southwest direction, away from Morgan Hill. He said that the fire

started in an area on Croy Road, two miles west of Uvas Road. He indicated that approximately 35 structures have been effected: 11 destroyed and 4 with major damage. He stated that there is currently a mandatory evacuation of the residents in the area near Redwood Retreat Road and the Summit Road area. He indicated that shelters have been opened by the Red Cross at Live Oak High School with ten families registered thus far. He said that CT English School in Santa Cruz County is open for individuals seeking to sign up for assistance through the Red Cross. Also, the Morgan Hill Chamber of Commerce is sponsoring a community-wide effort to raise funds to assist victims and to provide access to a variety of services for those who have been displaced by the fire. He said that the California Department of Forestry (CDF) has a public information number if anyone needs further information about the fire and its effects.

Mayor Kennedy indicated that he visited the command center at Christmas Hill Park in Gilroy and met with the CDF Commander of Operations. He stated that he was impressed with the command center and that it is being professionally handled. He indicated that Morgan Hill is not at risk and that the City is supporting efforts in a variety of ways.

Chairman/Mayor Kennedy opened the floor to public comments for items not appearing on this evening's agenda. No comments were offered.

## ***Redevelopment Agency Action***

### **CONSENT CALENDAR:**

Agency Member Carr requested that item 1 and Agency Member Sellers requested that item 2 be removed from the Consent Calendar.

#### **1. AGREEMENT WITH THE CHAMBER OF COMMERCE**

Director of Business Assistance and Housing Services Toy presented the staff report. He informed the Council that the Chamber of Commerce (Chamber) has indicated that they would provide the same level of services in addition to augmented services related to economic development and tourism in the downtown area. He stated that the additional services would cost approximately \$35,000 more than what is normally allocated at \$90,000 per year. He said that the new services would include: website design for economic development and tourism, implementation of a new business retention program, attending a trade show with California Technology Trade and Commerce, and updating a trade show both for both economic development and tourism as well as expanding the economic development and tourism section of their brochures. He informed the Agency Board that Sunday Minnich, Executive Director of the Chamber, was present should an in depth presentation of their proposal be requested.

Sunday Minnich indicated that the Chamber's marketing plan is before the Council, noting that an economic development strategy is in the process. In meeting with City staff and going over this year's

contract, she said that there were some items that could be pulled from the marketing plan that the Chamber felt needed to be done immediately and pushed up the process. She said that the most costly item would be to develop an economic development website where jobs available in Morgan Hill would be posted. Also, to be listed are sites available for development. She indicated that the Chamber's website would be intermingled with the City's website. She said that the last retention survey conducted in Morgan Hill was in 1997. Because of the down economy, the Chamber felt that it was important to survey the current businesses in Morgan Hill to find out how they are doing and to determine which businesses are at risk. The Chamber would talk to businesses at risk and try to save these businesses. She stated that the Chamber would sit down with City staff to go over the survey results, selecting businesses that should be approached, inviting Council members to the meeting. The Chamber has also added an economic development trade show through the California Trade Commerce. The Chamber would also join City staff at the International Council of Shopping Center conference to try to boost some of Morgan Hill's attraction areas. She indicated that the Chamber has added these items to the contract as they were deemed as priority items. It is felt that these items are ones that did not need to coincide with the economic development strategy because it is concentrating on retention and marketing.

Agency Member Tate inquired if everything being proposed in the Chamber's contract would be subtracted from the marketing plan so that there would be no overlap or double counting?

Ms. Minnich indicated that she pulled out items from the marketing plan that are one year/time only expense and that the Chamber felt needed to be developed at this time. The Chamber would not need this money again next year because it would only involve maintenance.

Agency Member Carr inquired if the business survey would be conducted solely with Chamber members or would it be a community-wide business survey that would include non Chamber members?

Ms. Minnich indicated that the survey would be conducted community-wide. As it is a contract in partnership with the City, it would not be addressed to members only and that the Chamber would want to target as many businesses that exist in Morgan Hill.

Agency Member Carr noted that the Chamber currently provides quarterly reviews to staff. He inquired if the Chamber would be open to include a six-month review before the Council/Agency to talk about goals and how the partnership and achievements have been attained as part of this contract?

Ms. Minnich responded that the Chamber would be willing to report back every six months to present the Agency and community members with an update on the partnership and achievements.

Chairman Kennedy addressed the proposed changes that increased the Chamber's budget from \$90,246 to \$125,000. He requested that Ms. Minnich identify what the Chamber's intentions are in terms of facilities and staffing allocations.

Ms. Minnich said that the Chamber divides its staff and takes percentages on how much time or how much space is being allocated for different activities. She said that the Chamber took the percentage of staff time that it would take to fulfill the contract and that this would equate to the salary component. The facility allocations include the use of copy machines, leases on equipment, postage, utilities, administrative costs, and include a portion of the office space used. She indicated that the Chamber took the percentage of how much time is spent on the different activities undertaken by Chamber staff. She indicated that the total budget for administration is approximately \$89,000 and that out of this, the Chamber is requesting \$39,000 from the City.

Vice-chairwoman Chang inquired if relocation of the Chamber's office is still a possibility?

Ms. Minnich responded that relocation of office space would occur with or without the marketing plan in the near future. She indicated that the Chamber has in place a capital building fund and that it would pull from its membership base. She indicated that none of the money being requested under this contract would go toward the Chamber's proposed office relocation.

Agency Member Sellers stated that a question that is commonly asked is why an entity is requesting more or less than was requested in prior years and what is being done for that amount of money. He said that in looking at the budget, the Chamber references last year's percentage that the City provided as a percentage of the overall budget. He noted that the Chamber did not provide this information in the Fiscal Year 2002-03 contract. He requested that Ms. Minnich identify the City's contribution to the overall budget.

Ms. Minnich informed the Agency that the Chamber's budget is \$480,000. Out of this amount, the Chamber is requesting that the City fund \$125,000. She indicated that these funds would be used for administrative and salary expenses. It does not include memberships, programs or events. She indicated that the Chamber maintained the 34% City contribution in the overall budget. She stated that the Chamber did not change anything from last year's \$90,000 contract. The Chamber has added responsibilities in this year's proposed contract that increased costs. She said that the proposed survey would take additional staff time. A new design on the trade show booth is proposed so that the Chamber can be presentable at tourism and economic development trade shows.

Agency Member Sellers felt that the direction the Chamber was heading made sense. However, he felt that the Agency has to do its homework to make sure that the City is going in a direction that is long term. He said that there was an assumption years ago to provide initial funding to the Chamber and that funding would be reduced in subsequent years. He expressed concern that this has not been a cognizant result, noting that the Chamber's funding requests have gotten higher. He felt that the Agency needs to go back and address funding, particularly with the cutbacks made this year and the bigger discussion about economic development. Also, the City has provided resources for the downtown organizations. He felt that the City needs to look at the entire picture. He recommended that funding be maintained as status quo with a broader discussion taking place.

Ms. Minnich felt that some of the initiatives included in the Chamber's scope of work are one year commitments. She recollected that funding for the Chamber has gone down from \$175,000 in 1994 to \$140,000. The Chamber has been funded at \$90,000 for the past three years. This year, the Chamber is asking for \$125,000 because there are immediate needs attributed to the down economy. She felt that the Chamber/City needs to take a proactive approach. She did not believe that the retention survey can wait as businesses are in jeopardy and in need of immediate assistance. She did not believe that an economic development website or trade shows can wait. She felt that there were immediate initiatives that need to take place now and that they can be folded into the marketing plan should it come to fruition.

Chairman Kennedy inquired as to the timeframe for delay Agency Member Sellers was contemplating?

Agency Member Sellers stated that he did not know if the contract needed to be delayed. He did not want to see this be an allocation without discussion until next year. He felt that the Agency was in the process of going through discussions and that it has not answered fundamental questions such as how does a downtown organization integrates with this contract. He felt that Ms. Minnich made a good case that initial steps need to be taken quickly. However, the next steps need to be discussed by the Agency. He did not want to provide additional money this year without a long term plan in place that would get the City where it wants to be. He said that the full allocation could be granted but that the Agency would need to agree to timelines and have broader discussions.

Vice-chairwoman Chang recommended that the City allocate \$90,000 and that the remainder of the funding be held off as she did not know the City's economic direction.

Agency Member Carr felt that \$90,000 is important to the Chamber's budget and would support this level of funding this year. However, the additional dollars are to be used for items that the Agency/Council has not yet set a direction. He said that the Agency has been discussing economic development for over a year, noting that the discussion on economic development would be before the Agency/Council in November in order to decide a direction that he hopes would include additional partnership opportunities with the Chamber. He appreciated that some of the items identified are priorities and are ones that should be started right of way. If these are items that have been identified by the Chamber as priorities, he felt that the Chamber should reallocate some of its resources in order to make these priorities. He noted that the Council/Agency has not identified these items as priorities for the City. Therefore, allocating additional dollars for these items is not something that he is supportive of at this time because he was not sure that these were priority items. He stated that he would be supportive of the \$90,000 for this year's allocations, similar to funding granted in the past, and recommended that the Agency has a broader discussion at a later date about additional dollars and about the future of the City's partnership with the Chamber.

Agency Member Tate stated that he agrees with what has been stated but that it was his belief that some of the Chamber's priorities have been priorities for a long time. He felt that these are priority items and that he did not believe that they were long term commitments. The commitment is to allocate an additional \$35,000 in order to implement items that are overdue. He stated his support of the Chamber's

marketing plan and did not believe that the action before the Agency would take away from the marketing plan. He stated his support for the approval of the contract with the understanding that this is a one year \$35,000 increase and that future funding would be tied to the marketing plan.

Chairman Kennedy said that serving as an ex-officio member on the Chamber, he has a certain comfort level with what the Chamber is doing and the direction that it is heading. He stated his support of moving forward with the contract. He agreed that the City should watch how it spends its limited resources. However, overall, the City has had an excellent working relationship with the Chamber and that he would like to see this relationship continue. He stated that he would support the agreement for \$125,000.

Agency Member Tate stated his support of staff's recommended action.

Agency Member Sellers stated that he would support the motion subject to modification and that the Agency disciplines itself to review the overall marketing plan by the end of the year. Should modifications be made to the marketing plan, that the modifications be implemented as part of the Chamber's contract. Agency Member Tate and Chairman Kennedy stated their support of this compromise solution.

**Action:**      *Agency Member Tate made a motion, seconded by Agency Member Sellers, to **Authorize** the Executive Director to prepare and execute a contractual services agreement with the Morgan Hill Chamber of Commerce in the amount of \$125,000 for Fiscal Year 2002/03, subject to Agency General Counsel review and approval.*

Agency Member Carr stated that he would not be able to support the motion and not because he does not support the City's partnership with the Chamber. He noted that the Agency would be considering an economic development and its direction in November. He felt that it would be appropriate, at that time, to add items that lend themselves toward the direction of economic development. Once the City has an agreement on what the direction is, that is when the City should allocate funding. He did not recommend spending money before deciding the direction of economic development. He acknowledged that the City has had a long-standing partnership with the Chamber of Commerce and that is why he would support the \$90,000 to continue the partnership. However, the additional direction is one that the Agency has not set. He did not believe that spending money for this additional direction is the correct process to undertake. He stated that he could not support the motion although he is in support of the partnership.

Agency Member Sellers stated that he saw some of the items identified by the Chamber that need to take place. He encouraged the Chamber to start developing the workplan items identified. He recommended that the Chamber keep in mind that the City is looking at changing directions. If there are items planned further out that they are looked at with the understanding that they would be reviewed again at a later date.

Vice-chairwoman Chang stated her concurrence with Agency Member Carr's comments. She inquired



if a timeline can be given to the Chamber to report back to the City as far as the additional \$35,000 and the direction that they are heading? She recommended a check point to see where the City and the Chamber are heading (e.g., three month check point).

Agency Member Carr inquired what would happen should the Agency head toward a different direction in three months? Would the Agency take funding away? He inquired whether the City should wait until the Agency knows it is heading in the same direction?

Agency Member Tate felt that it was up to the Chamber figure out how the funds are to be spent.

Vice-chairman Chang recommended that the Agency allocate \$90,000 and that the \$35,000 be allocated three months from now.

Agency Member Sellers did not believe that the Chamber can proceed with some of the identified initiatives knowing that the City may change direction. He felt that the solution to Agency Member Carr's concern is that in three months, should the Agency decide to move in a different direction, the Agency request that the contract be modified so that a different direction can be taken.

Agency Member Carr noted that what has been stated this evening by the Agency is that there are things that it would like the Chamber to get started on as soon as possible. If the City waits on the additional \$35,000, they would not be able to start on the new initiatives. If the entire funding is granted, the Chamber would proceed with its website development and other items and three months down the road, the Agency may decide that it wants them to allocate their resources in a different direction. He expressed concern that the Chamber would have already spent these dollars. He felt that the Chamber should be adjusting the \$95,000 that the Agency provides to reflect the new \$35,000 priorities instead of funding the same priorities that have taken place. In November, when the Agency sets its direction regarding economic development and it is found that there are additional items that should be partnered with, the Agency should be able to enter into contacts and fund the work. He did not believe that the City should fund initiatives until the Agency has agreed to the direction it is heading.

Vice-chairwoman Chang stated that she was bothered by the fact that the Agency may change its direction. It was her hope that should the full allocation be granted the Chamber would not move forward with the new items immediately. She inquired what would happen should the Agency change its direction?

Chairman Kennedy noted that Ms. Minnich has stated her willingness to provide additional backup information and that there would be a checkpoint before the Chamber proceeds. He recommended that a checkpoint/review be made before the final commitment is made. He stated that he did not want to micro manage the Chamber.

Vice-chairwoman Chang stated that she did not want to see the \$35,000 double spent, especially in hard times like this.

Agency Member Sellers noted that Chairman Kennedy pointed out that more than half of the funding increase is for facilities and staff allocations. This would result in the dedication of more time, energy and resources by the Chamber of Commerce. He felt that more than half of the funds would be in process. If in three months, the Agency changes direction, the City has three-quarters of the funding that can be diverted, should this be the decision made.

Vice-chairwoman Chang expressed concern that the Agency/Council may change direction in three months which would result in the Chamber changing direction. Should the Agency decide in three months to take a different direction (divert funding allocation to another source/entity) and is not interested in tourism, would the Chamber be required to return the funding?

Chairman Kennedy said that there is flexibility in reallocating the \$35,000 funding.

Agency Member Tate noted that the City and the Chamber have agreed to a six-month review and did not believe that there is a need to include review in a motion when there are partnerships.

Chairman Kennedy stated that the record could indicate what the Agency has discussed its intention of the motion.

Agency Member Sellers requested that a three-month review be included in the motion and that the Chamber proceed with the understanding that there may be a modification to the contract, subject to final discussion on economic development.

**Action:**      *Agency Members Tate and Sellers **amended** their motion to include a three-month review and that the Chamber of Commerce proceeds with the understanding that there may be a modification of the contract, subject to final discussion on economic development.*

Agency Member Carr requested clarification as to whether the dollars would be allocated on a quarterly basis.

Agency Member Tate indicated that quarterly allocations were not a part of his motion.

**Action:**      *The motion carried 4-1 with Agency Member Carr voting no.*

## **2.      COMMUNITY PLAYHOUSE FUND-RAISING CONCEPT**

Agency Member Sellers indicated that he requested that this item be removed from the consent calendar in order to give added publicity to the effort. He wanted the public to know that this project is being undertaken.

Chairman Kennedy opened this item to public comment.

Rod Pintello, Member of the Board of Directors with South Valley Civic Theater, indicated that the board directors are seeking Agency approval of the fundraising concept in order to help defray the cost for the restoration of all the community playhouse seats. He indicated that South Valley Civic Theater would like to begin selling commemorative seats at a \$300 per seat donation.

Chairman Kennedy thanked Mr. Pintello for taking up the challenge to help raise funds for the theater.

Agency Member Sellers recommended that tiered rates be considered. He felt that end seats and other seats would attain a higher price and that these additional funds could go toward the Civic Theater Group. He was pleased to see that the Theater group was willing to oversee this fundraising effort.

No further comments were offered.

**Action:** *On a motion by Agency Member Sellers and seconded by Agency Member Carr, the Redevelopment Agency unanimously (5-0) **Approved** South Valley Civic Theater's Fundraising Concept to "Sell" Theater Chairs for the Community Playhouse.*

## ***City Council Action***

Mayor Pro Tempore Carr requested that item 4 be removed from the Consent Calendar.

**Action:** *On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council **Approved** (5-0) Consent Calendar Items 3 and 5-8 as follows:*

3. **AUGUST 2002 FINANCE AND INVESTMENT REPORT**

**Action:** ***Accepted** and **Filed** Report.*

5. **APPROVE PROCLAMATION FOR RACE EQUALITY WEEK**

**Action:** ***Approved** Proclamation Proclaiming September 23-29, 2002 as "Race Equality Week."*

6. **SURPLUS PROPERTY**

**Action:** ***Declared** the Gazebo Structure Being Constructed for the 2002 Taste of Morgan Hill As Surplus; and **Authorized** Staff to Sell This Structure At a Silent Auction For a Minimum Bid of \$1,000.*

7. **APPROVAL OF "COPS" IN SCHOOLS 2002 GRANT**

**Action:** ***Accepted** the COPS in Schools Grant Award of \$125,000 and **Appropriated** \$114,228 in Matching Funds Over the Three Year Period; and **Authorized** an Increase in the Number of Sworn Police Officers in the Morgan Hill Police Department from 32 to 33.*

8. **FINAL JUNE 2002 FINANCE AND INVESTMENT REPORT**

**Action:** ***Accepted** and **Filed** Report.*

4. **AMENDMENT TO THE MANAGEMENT RESOLUTION - Resolution No. 5616**

Mayor Pro Tempore Carr requested that Chief Galvin present a brief report on what this action would mean as far as level of service to the community.

Chief of Police Galvin indicated that the police department functions in three major divisions: 1) field operations, 2) support services, and 3) special operations. He said that when Captain Sullivan moved to the City of Woodland, it gave him the opportunity to review the organization and its structure. He indicated that the City Manager, police staff, management team and the Police Officers Association are in support of the recommended a two-lieutenant approach along with four sergeant positions, eliminating the captain position. This organizational change would not increase this year's budget and would afford the opportunity to promote from within the ranks.

**Action:** *On a motion by Council Member Tate and seconded by Mayor Pro Tempore Carr, the City Council unanimously (5-0) **Adopted** Resolution No. 5616, Amending the Management, Professional and Confidential Employees Resolution No. 5571 to Delete the Position of Police Captain and Assign a New Job Description and Salary Range for Position of Police Lieutenant.*

## ***Redevelopment Agency Action***

### **OTHER BUSINESS:**

9. **MORGAN HILL DOWNTOWN ASSOCIATION (MHDA) AGREEMENT**

Director of Business Assistance and Housing Service Toy presented the staff report and indicated that staff has found that MHDA has satisfied and substantially fulfilled the agreement. Staff is recommending that the Agency accept the workplan and continue the current agreement in effect. He indicated that Dan Craig, interim executive director, as well as board members of MHDA, were present to address the Agency.

Agency Member Sellers stated that he serves on the board of the Morgan Hill Downtown Association and inquired if it would be appropriate to remain on the board or should he recuse himself from this item?

Agency Counsel Leichter said that if Agency Member Sellers serves on a non compensated position, he would not normally need to recuse himself under the Political Reform Act. However, should Agency Member Sellers feel that there may be other biases, he may wish to step down, noting that this is a decision he would have to make.

Agency Member Sellers stated that priority dictates that he recuse himself from this item.

Dan Craig circulated to the Agency members the MHDA work plan for the upcoming year. He identified the process undertaken to date, including workshops. He indicated that staff and a wide range of community members have been involved in the process. He said that the purpose of the work plan is to have a sense of direction and focus to the organization. It is also a means of being accountable to the community. The appendices include the budget and projected budgets for the next three years and also the results of the workshops. He stated that working in Morgan Hill has been a delight and a great experience. He said that there is spirit and pride in the community. He considers the proposed workplan in parallel with the Downtown Task Force and that he would be willing to present the workplan to the Downtown Task Force. He said that the MHDA Board is going to weigh in on the key points of the Downtown Task Force position and direction, providing specific input. He indicated that the Chamber is active in the workplan and that Ms. Minnich chairs the promotion committee. He said that City staff and Council members have developed excellent relationships. He circulated the quarterly report and stated that everything listed in the scope of work have been completed with the exception of a few items. He indicated that MHDA's tax exemption is in progress. Other items that have been undertaken that were not a part of the scope of work include: participation in the Community and Cultural Center Grand Opening Committee, MHDA has a seat on the Chamber's economic development committee, began a search for a permanent executive director, working on the safe trick or treat campaign, hired a graphic design to create a logo, and had consultation on two facades.

Agency Member Tate stated that he was impressed with the productivity of the workshop held and that several individuals signed up for committees, noting that he was not able to attend this workshop session. He inquired if Mr. Craig followed a formula to suggest action items or whether all the work was accomplished in the two-hour session, stating that the action items were on target?

Mr. Craig responded that the work was accomplished in the two-hour session. The attendance was a matter of getting the word out about the meeting and was indicative of the support for improving the downtown.

**Action:** *On a motion by Agency Member Tate and seconded by Agency Member Carr, the Redevelopment Agency Board, on a 4-0 vote with Agency Member Sellers recusing himself, **Approved** the Morgan Hill Downtown Association's First Quarter Report and Annual Work Plan; and **Continued** Implementation of the First Year Funding Agreement in an Amount Not to Exceed \$86,000.*

## ***Redevelopment Agency and City Council Action***

### **OTHER BUSINESS:**

#### **10. REVIEW OF CITY COUNCIL AND REDEVELOPMENT AGENCY NOVEMBER, DECEMBER AND JANUARY MEETING SCHEDULE**

Council Services and Records Manager Torrez presented the staff report.

In response to Chairman/Mayor Kennedy's question, Executive Director/City Manager Tewes indicated that the City would be conducting its furlough period Monday, December 23, 2002 through Wednesday, January 1, 2003 with City offices reopening Tuesday, January 2, 2003.

Agency/Council Member Tate noted that should the Agency/Council cancel its December 25 and January 1 meetings, which need to occur as these are legal holidays, the Agency/Council would not have a meeting for almost an entire month from December 18 until January 15. He said that a special meeting could be scheduled for January 8 but noted that there would not be time for staff to prepare an agenda for this date.

Agency/Council Member Sellers stated that a break between meetings during the holiday period occurs because of the time of year and what the City is trying to accomplish. He noted that the Agency/Council does not need to meet as often as it does during the holiday period. He noted that the previous holiday meeting schedules have not been a problem in the past. He stated that the Wednesday before Thanksgiving is a difficult time for individuals to meet and that individuals try to get out of town. He requested that if a third meeting is needed in November that it be scheduled on November 13.

**Actions:**     *On a motion by Agency/Council Member Sellers and seconded by Agency/Council Member Tate, the Agency/City Council, unanimously (5-0) **Directed** that the following meetings be cancelled: November 27, December 25, 2002 and January 1, 2003. If a third meeting is needed in November, that an optional meeting be scheduled for November 13.*

## ***City Council Action***

### **OTHER BUSINESS:**

#### **11. ECONOMIC DEVELOPMENT SUBCOMMITTEE**

City Manager Tewes presented the staff report and recommended that the City Council establish a two-member Council subcommittee to work with City staff, from time to time, in order to review specific economic development assistance proposals. He indicated that staff receives proposals and ideas from private developers and land owners who suggest ways in which the City can help them. Staff would appreciate the opportunity to review these requests with a subcommittee of the City Council. He indicated that at the last meeting, the Council stated that it wanted to agendize this item so that it can discuss this issue and other purposes to which it might ask the subcommittee to follow up on.

Council Member Tate inquired why the Council is considering the appointment of a Council subcommittee when it has not been decided whether this is the Council's strategy. He noted that the staff report states that the subcommittee would make decisions on how the City would spend money and that he did not know whether the Council has decided that it would spend money on specific requests at this time for business assistance.

Council Member Chang noted that Council members serve on a number of subcommittees, some being short term and some long term committees. As a new subcommittee is being proposed, she recommended that this be a rotating two-member Council subcommittee and that an alternate Council member also be appointed. She felt that this would be a good subcommittee to establish as the City Manager and staff needs Council input before moving forward with a project. She felt that this would be the mechanism to provide that direction.

Council Member Sellers recommended that two council members be appointed to the subcommittee. He said that it would also help to define the scope of work for the subcommittee. The subcommittee is to provide preliminary recommendations as to how the Council could proceed with economic development. He felt that through a subcommittee recommendation, the Council can identify long term directions as they relate to marketing, tourism and/or economic development. He recommended that any business assistance packages return to the Council. He felt that the establishment of a subcommittee would avoid some of the business assistance problems early on in the process. He felt that it would be helpful to narrow down 5-8 items that staff should perform and identify which items should proceed immediately and which do not have merit. He supported a rotation of subcommittee members and that this should be a standing committee at least for the next couple of years.

Mayor Kennedy stated that he would recommend the appointment of Mayor Pro Tempore Carr and Council Member Tate. He said that he would support Council Member Chang's recommendation that there be a rotation of Council members on this committee as long as it is a one-year rotation commitment similar to the Finance & Audit Committee and that the rotations be staggered.

Council Member Sellers suggested that Council Member Chang serve as an alternate to the subcommittee.

**Action:** *On a motion by Council Member Chang and seconded by Council Member Sellers, the City Council unanimously (5-0) **approved** the Mayor's appointment of Mayor Pro Tempore Carr and Council Member Tate to serve on the Economic Development Subcommittee with Council Member Chang serving as alternate.*

### **FUTURE COUNCIL-INITIATED AGENDA ITEMS**

Council Member Tate requested that discussion of scheduling meetings for the Council be agendaized for general discussion. This would allow the Council to discuss its expectation. He felt that sometimes there are a lot of critical meetings that get overlapped and that the City needs to manage around this somehow.

Council Member Chang said that it is difficult to hear that a meeting is scheduled at 4:30 p.m. when other appointments are scheduled weeks in advance to find out the day before that a special meeting has been called. She felt that the Council needs to be given the opportunity to make the decision of calling the special meeting.

Council Member Sellers requested that discussion include ways in which the Council can work better with staff in developing the agenda as there were a lot of administrative and staff generated issues that need to be addressed. He recommended that there be an internal Council process by which there is

review of agendas prior to their development so that the Council has political and administrative review of the agenda in order to maximize the Council's time commitment.

Mayor Kennedy felt that the Council needs a criteria for scheduling meetings and felt that it would be helpful to ask staff to come up with a proposed criteria for regular agenda items as well as special agenda items as a starting point for discussion.

Council Member Chang requested clarification as to what items/issues would constitute calling a special meeting in 24-hours.

### **ADJOURN TO CLOSED SESSION**

Agency Counsel/City Attorney Leichter noted that the Agency/Council has concluded its discussion on all closed session items listed on the regular agenda. She indicated that there are two closed sessions remaining on the two other special meeting agendas.

### **ADJOURNMENT**

There being no further business, Chairman/Mayor Kennedy adjourned the meeting at 9:09 p.m.

### **MINUTES RECORDED AND PREPARED BY:**

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**IRMA TORREZ, Agency Secretary/City Clerk**